

STATE OF WASHINGTON



OF OFFICE OF
INSURANCE COMMISSIONER

In the Matter of

EMPLOYERS MUTUAL, L.L.C., SIERRA ADMINISTRATION)	
MANAGERS, INC., SIERRA ADMINISTRATION, INC.,)	No. D01-124
AMERICAN BENEFIT SOCIETY, AMERICAN ASSOCIATION)	
OF AGRICULTURE, ASSOCIATION OF AUTOMOTIVE DEALERS)	ORDER
& MECHANICS, ASSOCIATION OF BARRISTERS & LEGAL AIDS,)	TO CEASE
COMMUNICATION TRADE WORKERS ASSOCIATION,)	& DESIST
CONSTRUCTION TRADE WORKERS ASSOCIATION, AMERICAN)	
COALITION OF CONSUMERS, ASSOCIATION OF COSMETOLOGISTS,)	
CULINARY AND FOOD SERVICES WORKERS ASSOCIATION,)	
ASSOCIATION OF EDUCATORS, ASSOCIATION OF HEALTH)	
CARE WORKERS, NATIONAL ALLIANCE OF HOSPITALITY &)	
INNKEEPERS, ASSOCIATION OF MANUFACTURERS & WHOLE-)	
SALERS, ASSOCIATION OF REAL ESTATE AGENTS, ASSOCIATION)	
OF RETAIL SELLERS, NATIONAL ASSOCIATION OF TRANSPORTATION)	
WORKERS, NATIONAL ASSOCIATION OF INDEPENDENT TRUCKERS,)	
Unauthorized Entities, and)	
)	
JAMES GRAF, WILLIAM KOKOTT, AND NICHOLAS E. ANGELOS)	

Pursuant to RCW 48.02.080, and RCW 48.30.010, Employers Mutual, L.L.C., Sierra Administration, Managers, Inc., Sierra Administration, Inc., American Benefit Society, American Association of Agriculture, Association of Automotive Dealers & Mechanics, Association of Barristers & Legal Aids, Communication Trade Workers Association, Construction Trade Workers Association, American Coalition of Consumers, Association of Cosmetologists, Culinary and Food Services Workers Association, Association of Educators, Association of Health Care Workers, National Alliance of Hospitality & Innkeepers, Association of Manufacturers & Wholesalers, Association of Real Estate Agents, Association of Retail Sellers, National Association of Transportation Workers, National Association of Independent Truckers, James Graf, William Kokott, and Nicholas E. Angelos, their officers, directors, agents, and affiliates (hereinafter, "Respondents") are hereby

ORDERED

to immediately cease, and desist from:

- (a) the unauthorized solicitation of Washington residents to sell, or the unauthorized sale, of any health benefit plan or policy, or insurance, to Washington residents in the State of Washington.
- (b) representing to Washington residents that Respondents are offering a health benefit plan, health plan, or insurance, that is a fully-funded plan with coverage purchased through an A- (Excellent) or better insurance company, until and unless Respondents submit sufficient credible evidence to the Office of Insurance Commissioner ("OIC") to demonstrate to OIC's satisfaction the truth and accuracy of such representation.
- (c) representing to Washington residents that Respondents are offering a health benefit plan, health plan, or insurance that is established in accordance with the Federal Employee Retirement Income Act of 1974 (ERISA) until and unless Respondents submit sufficient credible evidence to OIC to demonstrate to OIC's satisfaction the truth and accuracy of that representation.
- (d) representing to Washington residents that Respondents are offering a health benefit plan, health plan, or insurance, which is regulated by the United States Department of Labor Pension Welfare Benefits Administration until and unless Respondents submit sufficient credible evidence to OIC to demonstrate to OIC's satisfaction the truth and accuracy of that representation, as set forth in RCW 48.42.020.
- (e) representing to Washington residents that an insurance policy is purchased on behalf of each participant until and unless Respondents submit sufficient credible evidence to OIC to demonstrate to OIC's satisfaction the truth and accuracy of that representation.

THIS ORDER IS BASED ON THE FOLLOWING FACTS:

1. During 2000 and/or 2001, Respondents solicited and/or contracted with seven or more Washington residents who are licensed insurance agents, to sell health benefit plans or health plans on behalf of Respondents in the State of Washington to Washington residents.
2. During 2000 and/or 2001, Respondents issued thirty-three or more health benefit plans or health plans in the State of Washington to Washington residents.
3. Respondents have not applied for or been granted, a certificate of authority to act as an insurer, or a certificate of registration to act as a health care service contractor ("HCSC") or a health maintenance organization ("HMO") in the State of Washington.
4. Respondents have not, pursuant to RCW 48.42.020, submitted an appropriate certificate, license, or other document issued by another governmental agency, as defined in RCW 48.42.010, permitting or qualifying Respondents to provide coverage in this State.
5. By their activities of soliciting seven or more Washington residents who are licensed insurance agents to sell health plans in the State of Washington to Washington residents and issuing

thirty-three or more health plans in the State of Washington to Washington residents, Respondents have been acting as insurers, HCSCs, or HMOs without a certificate of authority or a certificate of registration, in violation of RCW 48.05.030, RCW 48.44.015, and/or RCW 48.46.027.

6. During 2000 and/or 2001, Respondents represented to Washington residents that the health benefit plan or health plan Respondents were offering for sale was a fully funded health plan with coverage purchased through an A- (Excellent) or better insurance company. This representation was false, deceptive and misleading, and was intended to solicit Washington residents to sell, to purchase, and to retain the health benefit plan or health plan offered by Respondents in violation of RCW 48.30.040, RCW 48.44.110, RCW 48.44.120, RCW 48.44.140, RCW 48.46.400, and RCW 48.46.410.

7. During 2000 and/or 2001, Respondents represented to Washington residents that they were offering a health plan that was established in accordance with the Federal Employee Retirement Income Act of 1974 (ERISA). This representation was false, deceptive and misleading, and was intended to solicit Washington residents to sell, to purchase, and to retain the health benefit plan or health plan offered by Respondents in violation of RCW 48.30.040, RCW 48.44.110, RCW 48.44.120, RCW 48.44.140, RCW 48.46.400, and RCW 48.46.410.

8. During 2000 and/or 2001, Respondents represented to Washington residents that the health plan they were offering for sale was regulated by the United States Department of Labor Pension Welfare Benefits Administration. This representation was false, deceptive and misleading, and was intended to solicit Washington residents to sell, to purchase, and to retain the health benefit plan or health plan offered by Respondents in violation of RCW 48.30.040, RCW 48.44.110, RCW 48.44.120, RCW 48.44.140, RCW 48.46.400, and RCW 48.46.410.

9. Any violation of the terms of this Order by Respondents, their officers, directors, agents, or affiliates, will render the violator(s) subject to the full penalties authorized by RCW 48.02.080, RCW 48.17.530, and other relevant Code sections.

The persons and entities named in this Order have the right to demand a hearing pursuant to chapters 48.04 and 34.05 RCW. This Order shall remain in effect until further notice by the Commissioner.

THIS ORDER IS EFFECTIVE IMMEDIATELY AND IS ENTERED at Olympia, Washington, this _____ day of December, 2001.

MIKE KREIDLER
Insurance Commissioner

By: _____
Carol Sureau
Deputy Commissioner, Legal Affairs